

Special Forces
Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1990

Alberta
TREASURY

91-05811/

S P E C I A L

F O R C E S

PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1990

Alberta



PROVINCIAL TREASURER

224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Special Forces Pension Plan Act, being Chapter S-21.1 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Special Forces Pension Plan for the fiscal year ended March 31, 1990.

Respectfully submitted,

A handwritten signature in cursive script, reading "Dick Johnston".

Dick Johnston
Provincial Treasurer

Table of Contents**Page**

Introduction	2
Plan Overview	2
Review of Operations	3
Actuarial Liabilities	3
Participation	3
Book Entry Transfers	3
Contributions	4
Refunds	5
Death in Service Benefits	5
Information and Counselling Services	5
Pension Benefits	6
Statement of Receipts and Payments	10
Comparative Statistics	11

Introduction

The Special Forces Pension Plan was established effective April 1, 1979, by the Special Forces Pension Act to provide a contributory pension scheme for police officers employed by Local Authorities in Alberta.

The Special Forces Pension Act was repealed on November 1, 1985, and replaced by the Special

Forces Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while the Special Forces Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

The Special Forces Pension Plan is a contributory defined benefit plan under which combined employee and employer contributions are required to equal 14 percent of salary. The split in contribution rates between employers and participants is not prescribed by legislation, but is to be negotiated between the Local Authority and the Police Association. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Special Forces Pension Plan.

Those members who retire with at least five years of pensionable service are entitled to a pension. There is no mandatory retirement age. Pension benefits are based on two percent of the highest average pensionable earnings for five consecutive years, times the number of years of pensionable service. Pension benefits are subject to a 0.6 percent reduction at age 65, based upon the yearly maximum pensionable earnings under the Canada Pension Plan. If the member has a spouse and has been married to, or lived with, that spouse for at least five years, unless a waiver is signed by the spouse, the member must choose a normal pension. The normal form of a pension is for the life of the

member with a five-year guarantee period. On the death of a pensioner 65 percent of the pension continues to be paid to an eligible spouse for life or until remarriage. On remarriage, as full settlement, the surviving spouse is paid a lump sum payment equal to 24 monthly pension payments. Single members may elect a single life pension which ceases at death regardless of the number of payments made. Alternatively they may choose a 10, 15 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Normal pensionable age is 60. Members may retire at any time after age 55 if they have accumulated five years of pensionable service, or at any age if they have accrued at least 25 years of pensionable service. The Plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to 65 percent of the normal pension the member would have been entitled to and in certain cases takes into account the pensionable service that would have accumulated had the member lived to age 60. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Special Forces Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

In order to increase efficiency and improve service to employers and participants, Payroll and Pensions continues to upgrade its automated systems. Enhanced prior service, data input and participant record keeping

systems were developed to improve information gathering and accommodate policy and procedural changes.

Pension forms were completely redesigned and master copies of each form have been provided to employers. By allowing the production of forms as required, stockpiling and wastage occasioned by form changes are eliminated.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Special Forces Pension Plan to be

\$534,187,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 26.5 percent.

Participation

At March 31, 1990, there were nine employers participating in the Special Forces Pension Plan, 2,600 active contributors and 56 terminated employees who had either not made a choice regarding their plan status or were awaiting a deferred pension.

A summary of the participating employers and the number of participants is provided in the section on Contributions.

Book Entry Transfers

The Special Forces Pension Plan has an agreement with the Local Authorities Pension Plan under which pensionable service and contributions accumulated may be transferred between the two plans.

During the year the sum of \$62,455 was transferred from the Local Authorities Plan to the Special Forces Plan. This transfer is not reflected in the Statement of Receipts and Payments.

Contributions

The schedule below summarizes the employee and employer contributions for the year ended March 31, 1990:

	Participants At March 31, 1990	Contributions Received		
		Employee \$	Employer \$	Total \$
City of Calgary	1,271	3,644,662	4,048,704	7,693,366
City of Camrose	20	56,249	64,161	120,410
City of Edmonton	1,103	3,337,754	3,762,608	7,100,362
City of Lethbridge	102	304,831	356,782	661,613
City of Medicine Hat	70	225,061	247,937	472,998
Town of Coaldale	7	17,817	20,856	38,673
Town of Lacombe	10	24,861	25,009	49,870
Town of Redcliff	8	28,634	26,886	55,520
Town of Taber	9	24,703	26,555	51,258
Accounts Held on Deposit	56	-	-	-
	<u>2,656</u>	<u>7,664,572</u>	<u>8,579,498</u>	<u>16,244,070</u>

Refunds

The following amounts of member contributions and interest were refunded to members terminating employment:

In addition, one refund of excess contributions totalling \$109 was made during the year.

	Number	Amount \$
Cash	10	85,250
Registered Retirement Savings Plans or Registered Pension Plans outside of a reciprocal agreement	<u>35</u>	<u>821,898</u>
	<u>45</u>	<u>907,148</u>

Death in Service Benefits

In the current year, two members died while in service. Lump sum benefits were paid in respect of these two deaths.

Information and Counselling Services

During the year, Payroll and Pensions Division presented pre-retirement and information seminars in both Edmonton and Calgary. Approximately 27 participants attended each seminar and received information on retirement benefits and services.

Payroll and Pensions Division assisted the Alberta Retired Public Employees Society with the publication of Postscript. Postscript is a quarterly newspaper provided free of charge to

pensioners. A regular information bulletin called Pension News was prepared for employers to assist them in carrying out their responsibilities under the pension plan.

Annual statements containing information on pensionable service, contributions and prior service, were produced and forwarded to employers for distribution to active participants in the plan.

Pension Benefits

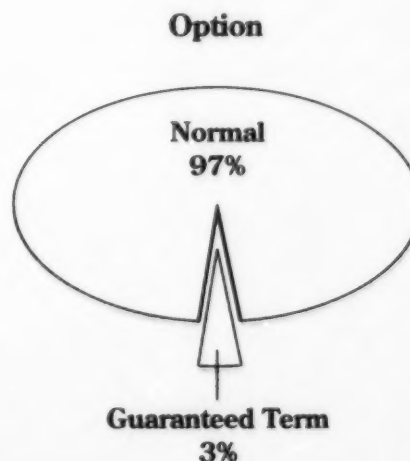
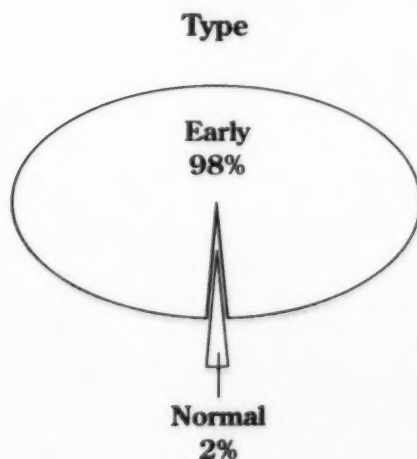
During the year ended March 31, 1990, pension benefits paid totalled \$11,414,494, an increase of \$1,921,613 (20.2 percent) over the previous

year. A total of 58 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	<u>1990</u>		<u>1989</u>	
Normal Retirement	1	(1)	1	(1)
Early Retirement	57	(43)	64	(57)
Partial or Total Disability	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
	<u>58</u>	<u>(44)</u>	<u>66</u>	<u>(59)</u>

() Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

The charts below illustrate the relative proportions of retirements during the year by type of pension and option chosen:

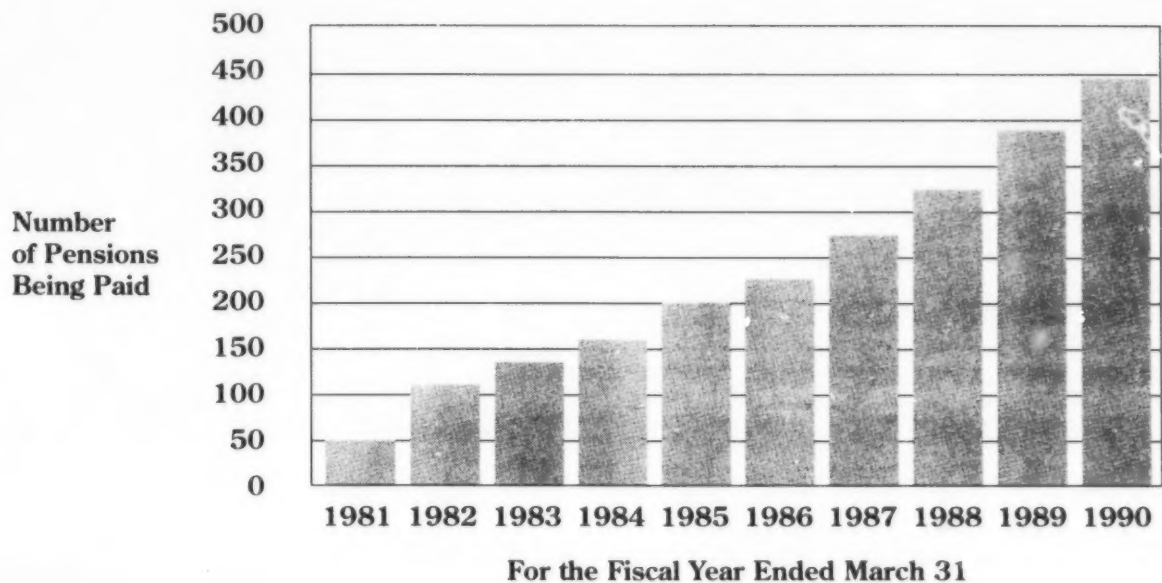


Pension options selected by members were as follows:

	At March 31, 1989	New Retire- ments	Benefi- ciaries	Deaths	At March 31, 1990
<u>Member Pensions</u>					
Normal (see note below)	361	56	1	(2)	416
Single Life	3			(1)	2
Guaranteed 10 years	1				1
Guaranteed 15 years	2	1			3
Guaranteed 20 years	4	1			5
Joint Life non-reduced	1				1
<u>Spousal Pensions</u>					
Guaranteed 5 years	16	—	—	—	16
Total Pensions	388	58	1	(3)	444
Pensions Co-ordinated with CPP and/or OAS	342	44	1	(3)	384

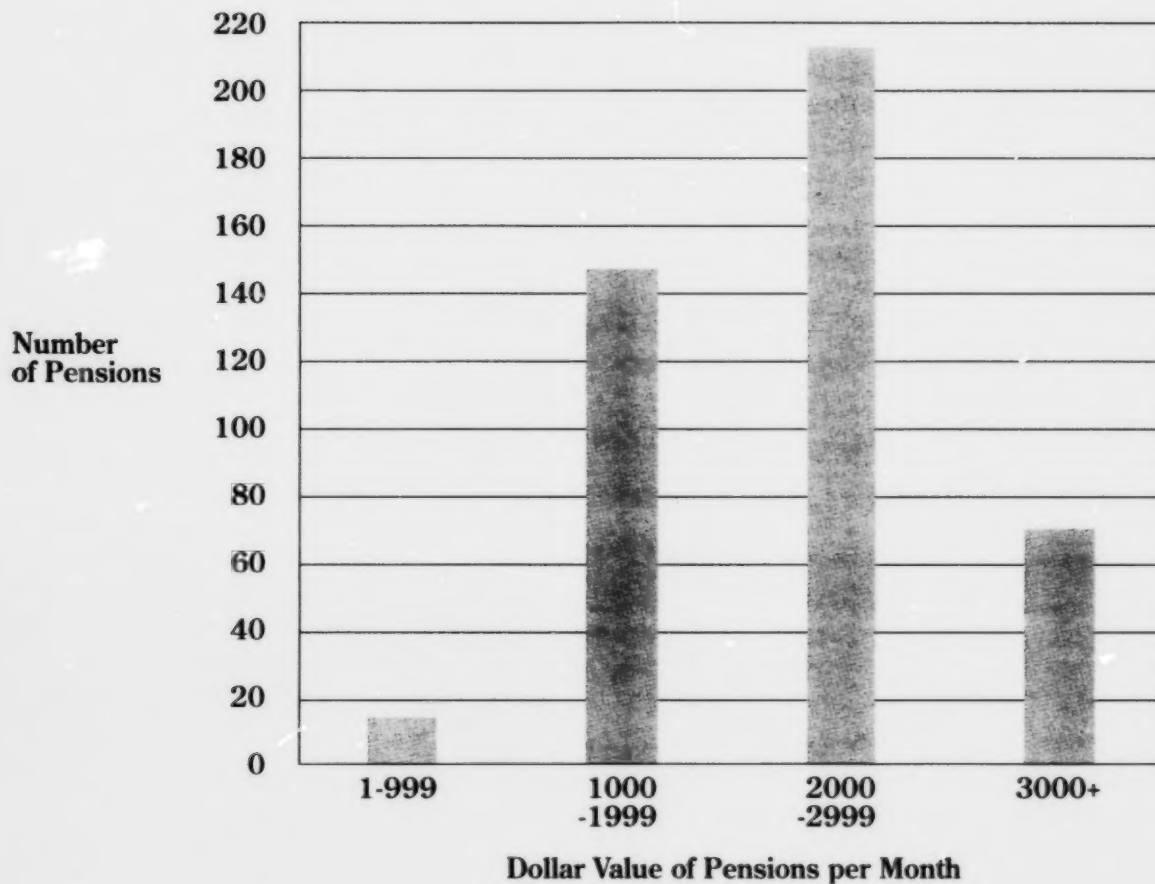
Note: The normal member pension is guaranteed to be paid for a period of at least five years and in the event of the retiree's death, pays the eligible spouse a spousal pension equalling 65 percent of the deceased retiree's pension for life or until remarriage, as explained in the section on Plan Overview.

The number of pensions being paid at the end of each of the last ten years is presented in the graph below:



The schedule below and the graph on the following page categorize the pensions in effect at March 31, 1990, by dollar value of monthly pension:

Dollar Value Per Month \$	Member Pensions	Spousal Pensions	Total
1 - 999	13	1	14
1,000 - 1,999	134	13	147
2,000 - 2,999	211	2	213
3,000 and over	70	-	70
	<u>428</u>	<u>16</u>	<u>444</u>



Effective January 1, 1990, a cost of living adjustment of 3.25 percent was granted to those pensioners in receipt of a pension for one year

or more with a proportionately smaller increase granted to those retiring during the calendar year 1989.

Statement of Receipts and Payments
Year Ended March 31, 1990

	1990	1989
	\$	\$
RECEIPTS		
Employee contributions	7,664,572	7,212,775
Employer contributions	8,579,498	8,106,352
Interest on overdue receivables	218	133
Total Receipts	<u>16,244,288</u>	<u>15,319,260</u>
PAYMENTS		
Benefits		
Pensions to retired members	11,103,106	9,234,371
Pensions to surviving spouses	263,249	258,510
Lump sums to beneficiaries of deceased employees	48,139	-
	<u>11,414,494</u>	<u>9,492,881</u>
Withdrawals		
Refunds of contributions and interest to terminated members	907,148	669,472
Refunds of excess contributions	109	150
	<u>907,257</u>	<u>669,622</u>
Total Payments	<u>12,321,751</u>	<u>10,162,503</u>
Excess of Receipts over Payments	<u>3,922,537</u>	<u>5,156,757</u>

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other pension plans administered by the Alberta government. Such transfers are detailed under Book Entry Transfers.

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five

fiscal years. In addition, a graph is presented to illustrate a ten year trend.

Fiscal Year	(000's)						Excess of Receipts Over Payments \$
	RECEIPTS			PAYMENTS			
	Employee \$	Employer \$	Total \$	Benefits \$	With- drawals \$	Total \$	
1989/90	7,665	8,579	16,244	11,414	907	12,321	3,923
1988/89	7,213	8,106	15,319	9,493	669	10,162	5,157
1987/88	7,042	8,010	15,052	7,461	663	8,124	6,928
1986/87	6,915	7,733	14,648	5,988	388	6,376	8,272
1985/86	6,590	7,357	13,947	4,539	345	4,884	9,063

